

Inter-Provincial Diversified
Holdings Limited

1971 ANNUAL REPORT

FINANCIAL HIGHLIGHTS

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

	<u>1971</u>	<u>1970</u>
Income	\$ 707,911	\$ 454,911
Earnings:		
From operations	\$ 353,254	\$ 158,492
Extraordinary items	\$ 61,000	\$ 778,435
Net earnings	\$ 414,254	\$ 936,927
Earnings per Share:		
From operations	31¢*	14¢
Net earnings	36¢	83¢
Total Assets	\$ 5,001,965	\$2,956,298
Shareholders' Equity	\$ 3,348,399	\$2,429,165
Common Shares Outstanding	1,140,251	1,135,251
Equity per Common Share	\$2.50	\$2.14

* Per share earnings before all extraordinary items.

WESTERN ALUMINUM PRODUCTS

Twelve Months Ended December 31	<u>1971</u>	<u>1970</u>	<u>Increase</u>
Sales	\$ 6,127,767	\$4,520,294	35.6%
Profits Before Income Tax	\$ 753,534	\$ 618,147**	21.9%

RESOLUTE HOLDINGS LIMITED

Twelve Months Ended November 30			
Sales	\$ 5,014,687	\$4,207,210	19.2%
Profits Before Income Tax	\$ 154,406	\$ 143,292	7.8%

UNITED TIRE & RUBBER CO. LTD.

Seven Months Ended December 31			
Sales	\$10,670,372	\$9,597,334	11.2%
Profits Before Income Tax	\$ 739,871	n.a.	n.a.

** Restated

TO OUR SHAREHOLDERS

Financial

We are pleased to report record levels of income and earnings for the fiscal year ended December 31st, 1971.

Earnings per share before extraordinary items climbed to a record high of 31 cents. This represents a 123% gain over the 14 cents earned in the fiscal year 1970.

The net worth of the company increased from \$2,429,165 as of December 31st, 1970 to \$3,348,399 as of December 31st, 1971.

The company's debt to equity ratio remained at a conservative figure. Long term debt stands at \$1,250,108 compared to net tangible worth of \$3,348,399.

Acquisitions

In keeping with our policy of diversification, two acquisitions were completed in 1971. On February 22nd, 1971, Inter-Provincial purchased a 50% interest in Resolute Holdings Limited, a major supplier of imported shoes, boots, and other footwear. On June 10th, 1971, Inter-Provincial acquired a 50% interest in United Tire & Rubber Co. Ltd., a distributor and manufacturer of heavy-duty tires for construction, mining, logging and industrial equipment.

Our basic program of executing a series of well-planned acquisitions, which began two years ago with the formation of the partnership in Western Aluminum Products, has resulted in a solid base that will serve as a foundation for greater stability, and well-established, well-financed, diversified growth.

Expansion

We are fully aware of the need to strike a proper balance between internal expansion and the acquisition of well-managed companies. In March, 1972, Western Aluminum Products purchased the assets and business of Hialco Manufacturing of Port Coquitlam, British Columbia. In May, 1972, an agreement in principle was reached to purchase the shares of Dominion Bronze Ltd. of Winnipeg, Manitoba. The addition of these organizations, and plants will add significantly to Western Aluminum Products' sales in 1972.

Resolute Holdings Limited has initiated a program of increasing its marketing in the United States. Sales of the company's subsidiary, Howmark (America) Inc. are substantially ahead of the same period in 1971.

United Tire & Rubber Co. Ltd. has established its own tire manufacturing facility in Cobourg, Ontario. These facilities are expected to play an important part in the future growth of United Tire. It will greatly enhance United's expansion by being the first Canadian-owned tire manufacturing company to enter world export markets and to supply international affiliates of the Company's domestic customers.

Fundamental Management Philosophy

Inter-Provincial's program of diversification is motivated by a desire never to be dependent upon any one product, any one market, or any one technology to sustain growth and progress. It is management's intention to deliberately seek diversification to build in protection and stability against cyclical trends in particular industries.

Inter-Provincial will endeavor to conduct each major operation through subsidiary companies where Inter-Provincial and management will own equal shares. Each of the subsidiaries will be accountable, and each of its management separately motivated and responsible, for his company's growth and progress.

The company acquired must have inherent internal growth that does not require the company to change direction or operate radically differently from the policies followed in the past. It must also have superior management that is highly perceptive, which combined with Inter-Provincial's financial resources, will be in a position to capitalize on situations for growth as they present themselves.

Outlook

1971 was a year of continuing progress, highlighted by the successful completion of significant programs and the initiation of new endeavors. The results of these programs will be reflected in our anticipated continued earnings improvement for the year 1972.

On behalf of the Board of Directors and Officers, I would like to express our appreciation to all our shareholders for your support and encouragement, and to all our employees, customers and suppliers for their efforts.

JOSEPH FRIEBERG,
President

May 8th, 1972

UNITED TIRE & RUBBER CO. LTD.

On June 10, 1971, Inter-Provincial acquired a 50% interest of the issued and outstanding shares of United Tire & Rubber Co. Ltd., S.A.S. Auto Leasing Ltd., and Grand Tire Co. Ltd.

United Tire is engaged in the distribution and sale of new tires and in custom retreading and repair services. The company markets a complete line of heavy-duty tires for construction, mining, logging and industrial equipment and all types of tires for trucks and automobiles. In addition, United markets a variety of industrial rubber products including conveyor belts and hose.

United has one of the largest retreading operations in North America and is capable of retreading tires from the small passenger to the giant earth-moving sizes.

United's marketing policy of providing customers with quick, efficient service and of standing behind its products has contributed significantly to sales growth. The prime function of the service organization is to reduce customer vehicle down-time and therefore permit maximum utilization of expensive load-hauling equipment.

The company operates ten branches in six provinces in Canada and has an exclusive distributor operating three branches in British Columbia. During 1972 new branches are scheduled to be opened in the provinces of Alberta and Ontario.

After more than a year of planning by management and engineering consultants and with the assistance of the Ontario Development Corporation, through its wholly-owned subsidiary United Tire & Rubber Mfg. (Toronto) Ltd., the company recently opened a new tire manufacturing plant in Cobourg, Ontario.

This plant will give United the opportunity as the first Canadian-owned tire manufacturing company to enter world export markets and to supply international affiliates of United's domestic customers.

Five Year Financial Summary

For the four years ended January 31st, and the eleven months ended December 31st.

	1971**	1970	1969	1968	1967
Sales	\$15,949,150	\$14,951,096	\$12,255,851	\$9,399,709	\$7,298,482
Cost of Sales	14,406,110	13,894,725	11,232,249	8,732,015	6,753,033
Interest	298,043	253,081	182,122	103,488	95,958
Depreciation	301,659	193,349	168,423	169,108	109,543
Earnings Before Income Taxes*	\$ 943,338	\$ 609,941	\$ 672,057	\$ 395,098	\$ 339,948

* Earnings are restated to adjust for non-recurring management salaries and life insurance expenses.

** For the 11 months ended December 31st.

RESOLUTE HOLDINGS LIMITED

On February 22, 1971, Inter-Provincial purchased a 50% interest in Resolute Holdings Limited. Resolute was formed to acquire the business and assets of Howmark of Canada, and all the outstanding shares of Howmark International Limited and Howmark (America) Incorporated.

Howmark is a major supplier to the Canadian market of imported shoes, boots, and other footwear. The company has offices and showrooms in Toronto and Montreal, and a buying office in Kobe, Japan.

Approximately 70% of Howmark's distribution is made in Canada to the largest and best-known shoe store chains, department store chains, and catalogue houses. The balance of Howmark's sales are made to wholesale distributors and medium-sized retail stores.

In 1968, Howmark (America) Inc. was incorporated for the purpose of marketing footwear in the United States. Sales have increased every year since inception. Although the company has not yet reached a profitable level of operation, with distribution established and key personnel trained, growth is expected to be rapid. Management expects the company to operate on a profitable basis in 1972.

Since the present market in the United States for imported footwear is \$550 million per annum, the potential growth of this subsidiary can be significant.

Howmark has accomplished much by selecting and re-selecting international sources of supply, including some of the largest and best known factories in England, France, Poland, Rumania, Japan, Taiwan, Korea, and Brazil.

In June 1970, the revaluation of the Canadian dollar meant an equivalent increase of the company's margins which has given Howmark the ability to compete more aggressively in the Canadian markets. In August 1971, the imposition of the 10% United States surcharge adversely affected Howmark's position in the American market. With the elimination of the U.S. tax on imports in December 1971, the company expects it will increase its sales and profits in 1972 in the American market.

Five Year Financial Summary

For the years ended November 30th.

	1971	1970	1969	1968	1967
Sales	\$5,014,687	\$4,207,210	\$4,348,239	\$3,060,179	\$2,238,423
Cost of Sales	4,791,852	3,947,271	4,122,145	2,807,232	2,069,846
Interest	68,429	116,647	110,277	87,539	87,000
Earnings Before Income Taxes ..	\$ 154,406	\$ 143,292	\$ 115,817	\$ 195,800	\$ 81,577

WESTERN ALUMINUM PRODUCTS

On January 1st, 1970, Inter-Provincial and Indal Canada Limited formed a partnership to operate Western Aluminum Products.

The Indal Canada group of operating subsidiaries and divisions forms one of Canada's largest fabricators of aluminum products. Indal is a subsidiary of RTZ Pillar Limited, which is part of the world-wide Rio Tinto Zinc Corporation Enterprises.

Western Aluminum Products is the largest manufacturer in Western Canada of aluminum prime windows, storm doors, patio doors, and aluminum store fronts. The company also manufactures insulating glass and is a major supplier of aluminum windows and doors for the mobile home and travel trailer industries. The strong demand for mobile homes and recreation vehicles has given impetus to Western's continuing expansion program in this area.

The company operates a manufacturing plant in Calgary and warehouse or service outlets in Edmonton, Saskatoon, Regina, Prince George, Grand Prairie, Kelowna and Kamloops.

Effective January 1st, 1972, the company purchased the assets and business of Hialco Manufacturing of Port Coquitlam, British Columbia. With this purchase, Western Aluminum Products is looking for significant increases in sales in Vancouver and Victoria.

Western Aluminum is in an improved position to capitalize on the rapidly growing demand for its products. Manufacturing space has been increased to over 100,000 square feet. In addition, in 1972 the company's warehouse facilities will be expanded to Prince George and Kamloops which improves Western's ability to deliver its products on a favourable cost basis to its customers.

The demand for new housing continues to grow. The Economic Council of Canada, in its Sixth Annual Review, forecasts that new residential construction will grow by 6.1 per cent per year during the 1967-75 period. This figure far exceeds the 4.1 per cent average growth rate observed for the 1961-67 period, and represents the greatest expected increase in growth of any major component of the Gross National Product. As Western Aluminum enjoys the strongest position in supplying to both the single family housing market and the high rise apartment market in Western Canada, we expect to participate significantly in this growth.

Five Year Financial Summary

For the years ended December 31st.

	1971	1970	1969	1968	1967
Sales	\$6,127,767	\$4,520,294	\$4,392,643	\$3,739,089	\$2,964,158
Cost of Sales	5,189,623	3,728,556	3,727,474	3,257,270	2,687,901
Interest	88,508	94,320	165,698	119,256	103,967
Depreciation	96,102	79,001	71,713	59,752	60,966
Earnings Before Income Taxes	\$ 753,534	\$ 618,417*	\$ 427,758*	\$ 302,811	\$ 111,324

* Restated to reflect changes in accounting.

Inter-Provincial Diversified Holdings Limited
and subsidiary companies

Consolidated Statement of Income

Year ended December 31, 1971 (with comparative figures for 1970)

Income	1971	1970
Interest in net income of Western Aluminum Products	\$ 376,767	\$ 350,045
Share of earnings or (losses) of other companies		
Resolute Holdings Limited	12,890	
United Tire & Rubber Co. Limited	193,195	
S.A.S. Auto Leasing Limited	(1,904)	
Grand Tire Co. Limited	2,061	
Other income	124,902	104,866
	<u>707,911</u>	<u>454,911</u>
Expenses		
Interest on long term debt	86,111	38,532
Depreciation and amortization	3,323	2,574
Other expenses	142,223	93,496
	<u>231,657</u>	<u>134,602</u>
Income before income taxes and extraordinary items	476,254	320,309
Income taxes	123,000	161,817
Income before extraordinary items	<u>353,254</u>	<u>158,492</u>
Extraordinary items		
Income tax reduction realized on carry-forward of prior years' losses ..	61,000	175,000
Income before extraordinary gain on sale	<u>414,254</u>	<u>333,492</u>
Gain on sale of 50% of undertaking, property and assets less certain liabilities of Western Aluminum Products Limited sold to outside partner ..		781,532
Less write-off of excess of cost over book value at date of acquiring shares of Western Aluminum Products Limited		178,097
		<u>603,435</u>
Net income for the year	<u><u>\$ 414,254</u></u>	<u><u>\$ 936,927</u></u>
Earnings per share (note 9)		
Income before extraordinary items	31¢	14¢
Income before extraordinary gain on sale	36¢	29¢
Net income for the year	36¢	83¢

Consolidated Statement of Retained Earnings

Year ended December 31, 1971 (with comparative figures for 1970)

	1971	1970
Retained earnings (deficit) at beginning of year	\$ 490,195	\$ (446,732)
Net income for the year	414,254	936,927
Retained earnings at end of year	<u><u>\$ 904,449</u></u>	<u><u>\$ 490,195</u></u>

Inter-Provincial Diversified Holdings Limited

(Incorporated under the laws of Ontario)

and subsidiary companies

Consolidated Balance Sheet

December 31, 1971 (with comparative figures at December 31, 1970)

Assets

CURRENT ASSETS	1971	1970
Cash	\$ 34,899	\$ 12,136
Short term deposits and accrued interest		1,044,286
Accounts receivable	35,425	
Income taxes recoverable		13,183
Prepaid expense	11,869	
Principal due within one year on 9% debentures	70,000	
	<hr/> 152,193	<hr/> 1,069,605
OTHER RECEIVABLES	<hr/> 11,619	<hr/> 100,230
INVESTMENTS		
50% interest		
In partnership, Western Aluminum Products (note 2)	1,801,812	1,525,045
In shares of other companies, at cost plus share of undistributed earnings since acquisition		
Resolute Holdings Limited	358,352	
United Tire & Rubber Co. Limited	1,713,987	
S.A.S. Auto Leasing Limited	57,096	
Grand Tire Co. Limited	38,061	
Debentures, at cost		
United Tire & Rubber Co. Limited, 9%, maturing June 9, 1981 (less \$70,000 principal included in current assets)	595,000	
Indal Canada Limited, 9½ %, convertible maturing March 1, 1980	250,000	250,000
	<hr/> 4,814,308	<hr/> 1,775,045
FIXED ASSETS		
Automobile, office equipment and leasehold improvements, at cost	71,935	56,185
Less accumulated depreciation and amortization	48,090	44,767
	<hr/> 23,845	<hr/> 11,418
	<hr/> \$5,001,965	<hr/> \$2,956,298

Approved by the Board

JOSEPH FRIEBERG, Director

ROBERT SCOLNICK, Director

Inter-Provincial Diversified Holdings Limited

(Incorporated under the laws of Ontario)

and subsidiary companies

Consolidated Balance Sheet

December 31, 1971 (with comparative figures at December 31, 1970)

Liabilities

CURRENT LIABILITIES

	1971	1970
Accounts payable and accrued liabilities	\$ 48,458	\$ 49,088
Income taxes payable	62,000	
Unearned management fee	12,500	
Principal due within one year on long term debt	280,500	
	<u>403,458</u>	<u>49,088</u>

LONG TERM DEBT (note 3)	<u>1,250,108</u>	<u>478,045</u>
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Shareholders' Equity

CAPITAL STOCK (notes 4 and 5)

Authorized

40,000 First preference shares of \$100 par value

500,000 Convertible second preference shares of \$1 par value

10,000,000 Class A shares without par value

2,000,000 Common shares without par value

Issued

500,000 Second preference shares (1970, 4 first preference shares) 500,000 20

1,140,251 Common shares (1970, 1,135,251 shares)

1,145,198 1,140,198

1,645,198 1,140,218

Retained earnings

904,449 490,195

Excess of partnership interest over net tangible assets at date of acquisition

798,752 798,752

TOTAL SHAREHOLDERS' EQUITY

3,348,399 2,429,165

\$5,001,965 \$2,956,298

Inter-Provincial Diversified Holdings Limited
and subsidiary companies

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1971 (with comparative figures for 1970)

	1971	1970
SOURCE OF FUNDS		
Income before extraordinary gain on sale	\$ 414,254	\$ 333,492
Items not involving current funds		
Share of undistributed earnings of Western Aluminum Products and other companies	(390,509)	(275,045)
Depreciation and amortization	3,323	2,574
Deferred interest on debentures		16,542
	<u>27,068</u>	<u>77,563</u>
Long term bank loans	1,100,000	
Issue of second preference shares	500,000	
Issue of common shares	5,000	
Decrease in non-current portion of 9% debenture receivable	105,000	
Decrease in other receivables	88,611	19,917
Sale of undertaking, property and assets, less certain liabilities of Western Aluminum Products Limited less working capital at time of sale		1,892,666
Repayment of receivable from partnership		75,000
Other items		7,789
	<u>1,825,679</u>	<u>2,072,935</u>
APPLICATION OF FUNDS		
Investments in other companies		
Shares	2,053,754	
Debentures	700,000	250,000
Reduction in non-current portion of long term debt	327,937	198,853
Investment in partnership		1,250,000
Other items	15,770	1,775
	<u>3,097,461</u>	<u>1,700,628</u>
Increase (decrease) in working capital position	(1,271,782)	372,307
Working capital at beginning of year	1,020,517	648,210
Working capital (deficiency) at end of year	<u>\$ (251,265)</u>	<u>\$1,020,517</u>

Inter-Provincial Diversified Holdings Limited

and subsidiary companies

Notes to Consolidated Financial Statements

Year ended December 31, 1971

(1) Basis of Consolidation

The consolidated financial statements include the accounts of Inter-Provincial Diversified Holdings Limited and its wholly-owned subsidiary companies, I.P.D. Western Holdings Limited (which ceased operations on December 1, 1971) and I.C.D. Realty Limited.

(2) Partnership Interest

As of January 1, 1970 Western Aluminum Products Limited sold its undertaking, property and assets less certain liabilities to a partnership for \$2,500,000. Inter-Provincial Diversified Holdings Limited acquired a 50% interest in the partnership and the other 50% was acquired by an outside partner.

Details of interest in partnership

Interest in net tangible assets at date of acquisition from subsidiary company	\$ 451,248
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Excess of partnership interest over net tangible assets at date of acquisition	798,752
	<u>1,250,000</u>

Company's interest in net income of partnership from January 1, 1970 to December 31, 1971	\$ 726,812
Less distribution	175,000
	<u>551,812</u>
	<u>\$1,801,812</u>

(3) Long Term Debt

	1971	1970
7½% subordinated debentures, maturing November 1, 1975	\$ 321,500	\$ 346,000
Accrued interest on 7½% debentures	109,108	123,045
Bank loan, payable \$70,000 per year, due March 1, 1976....	350,000	
Bank loan, payable \$150,000 per year, due June 9, 1976	750,000	
6½% subordinated convertible debentures, maturing January 15, 1985		9,000
	<u>1,530,608</u>	<u>478,045</u>
Less principal included in current liabilities	280,500	
	<u>\$1,250,108</u>	<u>\$ 478,045</u>

7½% subordinated debentures

The company is required to pay the Trustee a sum sufficient to retire \$60,500 in principal amount of debentures in 1972 and \$85,000 in each of the years 1973 and 1974.

Interest payable on November 1, 1966 and on May 1 and November 1 in each of the years 1967 to May 1, 1970 inclusive is deferred. One-half of each deferred amount, together with one-half of the accrued interest on such deferred amount is payable on or after November 1, 1974. The balance of the deferred amount, together with the balance of the accrued and unpaid interest thereon is payable on or after November 1, 1975.

The interest which accrues after April 30, 1970 on each interest payment, which on May 1, 1970 was a deferred amount, shall be payable half-yearly on May 1 and November 1 of each year commencing November 1, 1970.

Bank loans

The bank loans are secured by a general assignment of book debts, shares representing the company's 50% interest in Resolute Holdings Limited and United Tire & Rubber Co. Limited and the debentures of United Tire & Rubber Co. Limited and Indal Canada Limited owned by the company.

(4) Capital Stock

In 1971 the company issued 5,000 common shares on the conversion of \$5,000 principal amount 6½% subordinated convertible debentures, and redeemed 4 first preference shares of \$5 par value.

In 1971 the articles of incorporation were amended so that:

- the authorized capital consists of:
 - 40,000 First preference shares of \$100 par value
 - 500,000 Convertible second preference shares of \$1 par value
 - 10,000,000 Class A shares without par value
 - 2,000,000 Common shares without par value
- the company may purchase issued common shares out of surplus.
- The company is required on or before April 30 in each year commencing in 1972 to set aside as a redemption fund for the redemption of second preference shares an amount equal to 10% of the aggregate par value of second preference shares issued. The aggregate par value of shares purchased for cancellation or converted into common shares shall be applied as a credit in satisfaction in whole or in part of any redemption fund payment. The second preference shares are convertible on the basis of two common shares for each five second preference shares. The articles of amendment provide that the company shall redeem second preference shares to the extent that 50,000 second preference shares are not converted in each year.

The company granted an option to Charles O. Sherkin to purchase up to but not exceeding 25,000 common shares at \$4 per share at the rate of 5,000 shares on December 1, in each of the years 1972 to 1976.

Inter-Provincial Diversified Holdings Limited

and subsidiary companies

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 1971

(5) Contingent Liabilities

- (a) Under an agreement dated March 16, 1971 the company purchased one-half of the issued and outstanding shares of United Tire & Rubber Co. Limited, S.A.S. Auto Leasing Limited and Grand Tire Co. Limited for a price of \$1,700,000 payable \$1,200,000 in cash and by the issue of 500,000 second preference shares of the company.

Other material features of the purchase agreement

The company and Charles O. Sherkin loaned to United \$700,000 and \$400,000 respectively to be repayable quarterly over a 10 year term in the case of the company and quarterly over an 8 year term in the case of Charles O. Sherkin, secured by a floating charge on the assets of United and bearing interest at the rate of 9% per annum; the company guarantees repayment to Charles O. Sherkin of one-half of the principal amount of and interest on his loan. At December 31 the company's loan to United amounted to \$665,000 and the company's contingent liability under the guarantee amounted to \$187,500. In the event of Charles O. Sherkin's death prior to age sixty-five, the company will have the right and obligation to purchase the 50% of the issued shares of United, S.A.S. and Grand owned by Charles O. Sherkin at appraised value provided that such appraised value does not exceed \$6,000,000. If such appraised value exceeds \$6,000,000 then the company will have the right but not the obligation to purchase such shares.

- (b) With respect to certain debts of United Tire & Rubber Co. Limited and Resolute Holdings Limited, in addition to the security provided by the respective companies, the company has agreed to guarantee 50% of these debts. The company's contingent liabilities as guarantor at December 31, 1971 was as follows:
- | | |
|----------------------------------|-----------|
| United Tire & Rubber Co. Limited | \$400,663 |
| Resolute Holdings Limited | 399,277 |

The company has also guaranteed a debenture of United Tire & Rubber Co. Limited in the amount of \$100,000.

(6) Long Term Lease

The company rents a building under a long term lease which expires December 31, 1974, the annual rental for which is \$7,836.

(7) Subsequent Events

- (a) Subsequent to the date of the balance sheet, Western Aluminum Products agreed to purchase the under-taking and certain property and assets of a business engaged in the manufacture and sale of aluminum, prime windows and doors for a net purchase price of \$358,147.
- (b) United Tire & Rubber Co. Limited is negotiating with its underwriter for a proposed equity financing which will include the sale by the company and Charles O. Sherkin of a portion of their shares. Upon completion of the underwriting as proposed, the company's and Charles O. Sherkin's holdings in United Tire & Rubber Co. Limited would be reduced to 40% each.

(8) Other Statutory Information

Remuneration of directors and senior officers (as defined by The Business Corporations Act) amounted to \$73,775 (1970, \$61,516).

(9) Earnings Per Share

Fully diluted earnings per share assuming conversion of the second preference shares.

Income before extraordinary items	26¢
Net income for the year	31¢

AUDITORS' REPORT

To the Shareholders of

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

We have examined the consolidated balance sheet of Inter-Provincial Diversified Holdings Limited and subsidiary companies as at December 31, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 24, 1972
(April 7, 1972 as to note 7 (b))

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

Inter-Provincial Diversified Holdings Limited

and subsidiary companies

Officers

JOSEPH FRIEBERG
President

ROBERT SCOLNICK
Vice-President

WILLIAM ZIMMERMAN
Secretary

LOUIS CHELIN
Assistant Secretary

Board of Directors

JOSEPH PHILIP DAWSON

JOSEPH FRIEBERG

MURRAY FRIEBERG

THOMAS HERBERT GOOCH

MURRAY JOSEPH HOWE

ROBERT SCOLNICK

WILLIAM HEWSON ZIMMERMAN

Trustees

CANADA TRUST COMPANY
7½ % Subordinated Debentures

Auditors

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants
Toronto, Ontario

Executive and Head Office

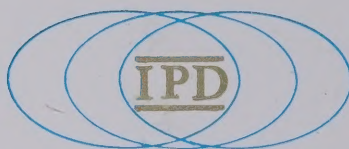
Hwy. #7 and Keele Street
Concord, Ontario

Shares Listed

COMMON
Toronto Stock Exchange

Registrar and Transfer Agent

CANADA TRUST COMPANY
Common Shares



Inter-Provincial Diversified
Holdings Limited